



Investment Office

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April 17, 2006

Judith Estrin

Chair, Compensation Committee

Walt Disney and Co.

500 S. Buena Vista Street

Burbank, CA 91521-0001

Dear Ms. Estrin,

The California Public Employees' Retirement System (CalPERS) is the largest U.S. public pension fund with over \$200 billion in total assets. CalPERS is a shareowner in Walt Disney owning 9,209,556 shares which is 0.5 percent of the total shares outstanding. CalPERS is a long-term shareowner and believes that compensation programs are one of the most powerful tools available to companies to attract, retain and motivate key employees, as well as align their interests with those of shareowners. To pursue and advance this alignment of interest, CalPERS adopted an Executive Compensation Strategic Plan in November 2004 with a goal to strengthen the disclosure and transparency of executive compensation in the marketplace.

At its February 14, 2006 meeting, the Investment Committee amended its Executive Compensation Strategic Plan and proxy voting guidelines to push for executive compensation clawbacks. The Investment Committee approved at its March 13, 2006 meeting, revisions to the CalPERS Corporate Governance Core Principles and Guidelines to include a clawback policy statement. CalPERS' clawback policy statement declares companies should develop and disclose a policy for recapturing bonus and incentive payments that were made to executives on the basis of having met or exceeded performance targets during a period of fraudulent activity or a material restatement of financial results for which executives are found personally responsible.

CalPERS has identified Walt Disney as a portfolio company that does not have a clawback policy in place. We recommend that the Compensation Committee examine the feasibility of a clawback policy and adopt such policy at the next scheduled meeting of the Board of Directors or closest thereafter. Clawback policies ensure that compensation is returned in instances of company fraud and help to ensure management accountability for all possible outcomes. This can be achieved at virtually no cost to the company.

Walt Disney and Co.
Page 2

We ask that you respond to us in writing on the Compensation Committee's recommendation and the full Board's decision on the adoption of a "clawback" policy.

Please contact Dennis Johnson, Senior Portfolio Manager-Corporate Governance at (916) 795-2731 if you have any questions.

Sincerely,

A handwritten signature in black ink, appearing to be 'CW' followed by a stylized flourish.

Christianna Wood
Senior Portfolio Manager, Global Equity

Cc: Dennis Johnson